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Interim Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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January 28, 2015

To: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai
Interim Chief Executive Officer

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

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Fifth District

STATUS REPORT ON WORKERS' COMPENSATION CLAIMS ADMINISTRATION SYSTEM CONVERSION AND REQUEST FOR PROPOSALS

On February 28, 2012, the Board approved the recommendation to execute a sole source contract with P&C Insurance Systems, Inc. (P&C), for application hosting and maintenance services to support the workers' compensation claims administration system and a conversion to a system with a relational database. At that time, the Board instructed the Chief Executive Officer (CEO) to immediately initiate the Request for Proposals (RFP) process for a workers' compensation claims administration system and to report back in July 2012, and every six months thereafter, on the status of the RFP development and the conversion of the current workers' compensation system to a relational database system. This memorandum provides the sixth status report on the system conversion and RFP development.

Conversion of Genlris to ClaimsVision

The CEO and P&C are engaged in a system conversion that will replace the current System (Genlris) with ClaimsVision. Initial discussion began in April 2012, which led to the development of a Project Charter. CEO and P&C have identified personnel to oversee the conversion of data from Genlris to ClaimsVision, configure necessary business processes and reporting, assure robust interfaces, and perform user-acceptance testing.

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Data migration from the Universe Database legacy system to the SaaS (Software as a Server) deployed ClaimsVision system has been completed. This included the migration of approximately 500,000 workers' compensation claims; 80,000 vendor records; and 1,900,000 electronic correspondences. P&C utilized a proprietary "Data Integrity Tool" to analyze and scrub all legacy data. Such data was mapped and ran through a conversion program. Currently, CEO staff are performing vendor mapping simulation analysis to ensure that the ClaimsVision and eCAPS (time collection system) vendor interface is robust.

Although a "Go Live" date could be accomplished within the next 60 days, CEO recommends an implementation extension to more comprehensively address the following:

- Conduct interface testing between ClaimsVision and eCAPS that includes full parallel payment transaction submission and post-back analysis;
- Conduct data conversion and mapping of vendor records between ClaimsVision and eCAPS;
- Conduct interface testing between ClaimsVision and Medical Management to ensure bill review and payment data is imported and exported appropriately;
- Ensure full compliance with Federal and State reporting and data transmission mandates; and
- Develop a project team to design and configure the reporting tools required to deliver critical reports to internal and external entities.

The contract with P&C allocated \$300,000 to migrate from GenIris to ClaimsVision. An additional \$100,000 in funding was approved for system customizations, including the eCAPS interface. CEO will recommend additional funding to address the following:

- Additional customizations for system interfaces to and from the County's financial system;
- Additional customizations to enhance the fiscal auditing capability;
- Increased automation of the multiple interfaces required by the Workers' Compensation Program, including the Medicare mainframe data conversion; and
- Development of a "paperless" environment for claims administration.

RFP for Comprehensive Risk Management Information System

As previously reported, CEO has analyzed the current risk management information systems and recognized the need to evaluate the consolidation and implementation of a comprehensive risk management information system. Such a system will include the management of workers' compensation, general liability, medical malpractice, auto liability, small claims, and disability management. CEO has engaged Shelter Island Risk Services (Shelter Island) to facilitate the development and evaluation of a comprehensive risk management information system. General requirements and capabilities have been identified as follow:

- Track of data necessary for County analysis and determination of the best and most cost effective risk methods;
- Provide a claim management system that may be used by Third-Party Administrators (TPAs), as well as internally for self-administration of claims and lawsuits;
- Matter management system integration for tracking of Counsel's time and billing practices;
- Provide a robust document management system to allow for a paperless environment;
- Import/Export data from TPAs' claims systems, where appropriate;
- Provide an effective tool to monitor County TPAs' performance;
- Provide opportunity for County departments to immediately and electronically forward reports of third party injuries or significant property damage to County management and TPAs for immediate attention;
- Identify significant risk exposure and loss trends to effectively target loss prevention programs;
- Ensure accuracy and completeness of data;
- Have financial accounting capabilities to track subrogation recoveries, credits, and/or contributions;
- Integrate with eCAPS for payment issuance;
- Provide case management tools for CEO Risk Management Branch and County Counsel to effectively manage claims from inception to completion;
- Incorporate all aspects of the Risk Management Branch, including: Workers' Compensation, Loss Control and Prevention, Occupational Health, Disability Management (Return-To-Work, Short-Term/Long-Term, Leave of Absence), Claims Management (Small and Property Claims, General Liability Claims, Medical Malpractice Claims);
- Track, monitor, and alert on the expiration of the insurance policy information;
- Track all expenses paid by the County and provide an interface with the County's Auditor-Controller to issue payments;
- Maintain legal confidentiality of all claim- and litigation-related information, including attorney-client and attorney work product privileges; and

- Provide cost-effective solutions for the design, development, implementation, and maintenance of the Risk Management Information System (RMIS), including software, hosting services, project design, and project management.

The CEO Risk Management Branch will issue an RFP to solicit proposals for a contract with an organization that can develop and create the desired RMIS.

The CEO Risk Management Branch, County Counsel, Chief Information Office, Information Systems Commission, Auditor-Controller, Internal Services, as well as Shelter Island and other stakeholders will develop and release the RFP in July 2015, seeking proposals to provide new solutions in a robust claims system that will provide a consolidated view of risk which will allow the County to make fact-based risk management decisions.

The new RMIS will leverage the latest advances in web technology and open standards-based architecture to eliminate the County's dependence on a particular vendor, and minimize the County's dependency on proprietary technology. RMIS will be a service-oriented architecture (SOA) solution with flexible software components, which will provide the much-needed adaptability, interoperability, and scalability to effectively support constantly evolving risk management programs and business operations. Upon full implementation of the integrated web-based SOA RMIS solution, the current independent claim and database systems will be evaluated for their usefulness, effective March 2017, to allow for transition time with eCAPS and legacy systems with full implementation scheduled in June 2017.

If you have any questions, please have your staff contact Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager, at (213) 351-5346.

SAH:BC
STR:AR:rn

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Chief Information Officer
Internal Services